

# BIOMASS CROP ASSISTANCE PROGRAM

## BCAP



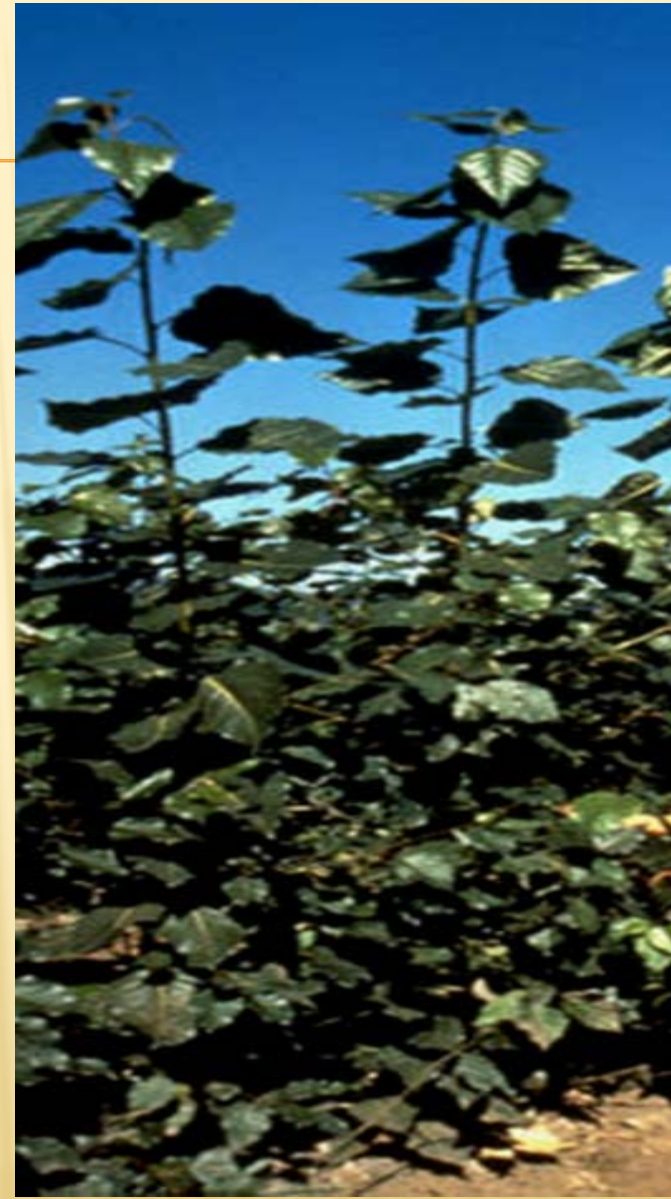
Steve Peterson, Chief Program Specialist



# BCAP PURPOSE

BCAP is intended to assist agricultural and forest land owners and operators with the:

1. establishment and production of eligible crops including woody biomass in selected project areas for conversion to bioenergy,





# BCAP PURPOSE (continued)

and with the:

2. collection, harvest, storage, and transportation of eligible material for use in a biomass conversion facility.

(CHST) Matching Payment Program



# BRIEF BCAP HISTORY

BCAP was authorized by the Food, Conservation,  
and Energy Act of 2008  
(AKA: the 2008 Farm Bill)





# BCAP HISTORY ... continued

On May 5, 2009, President Obama issued a Presidential Decree to aggressively accelerate the investment in and production of biofuels.



# BCAP HISTORY ... continued

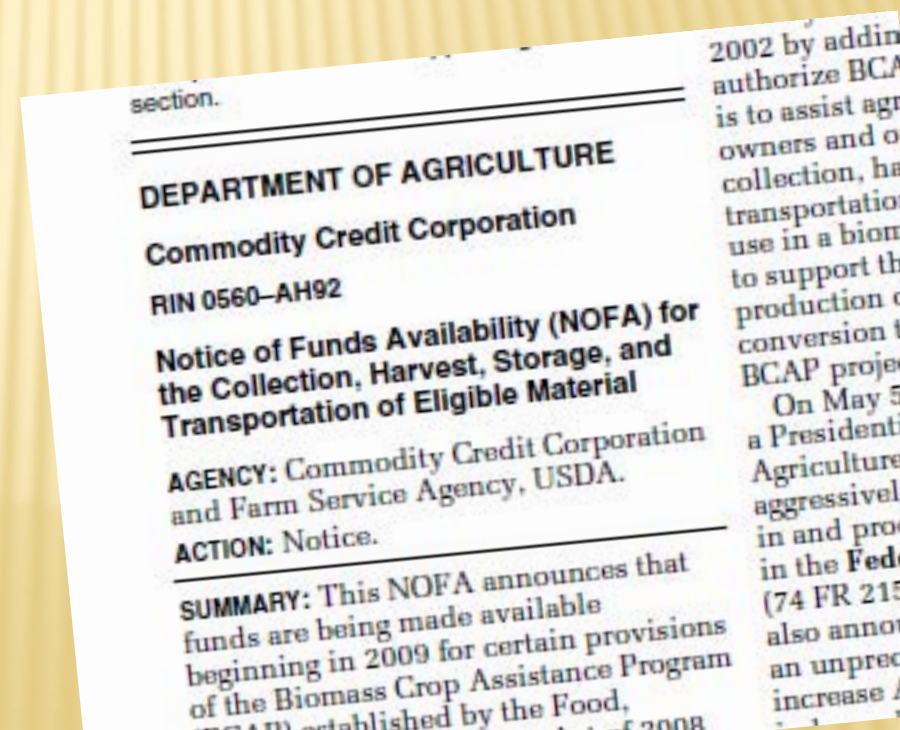
The Presidential Decree included a directive that Agriculture Secretary Vilsack take steps to issue guidance and provide support for collection, harvest, storage, and transportation CHST assistance of eligible materials for use in biomass conversion facilities.





# BCAP HISTORY ... continued

On June 11, 2009, a Notice of Funds Availability (NOFA) for BCAP's CHST payments program was published in the Federal Register



# BCAP HISTORY ... continued

July 12, 2009 - the USDA Farm Service Agency issued a notice to its State and county offices instructing them on how to implement BCAP's CHST Matching Payment Program.





# BCAP HISTORY ... continued

The BCAP program ran as a Notice of Funds Availability (NOFA) until February 3, 2010 when FSA stopped approving new applications.

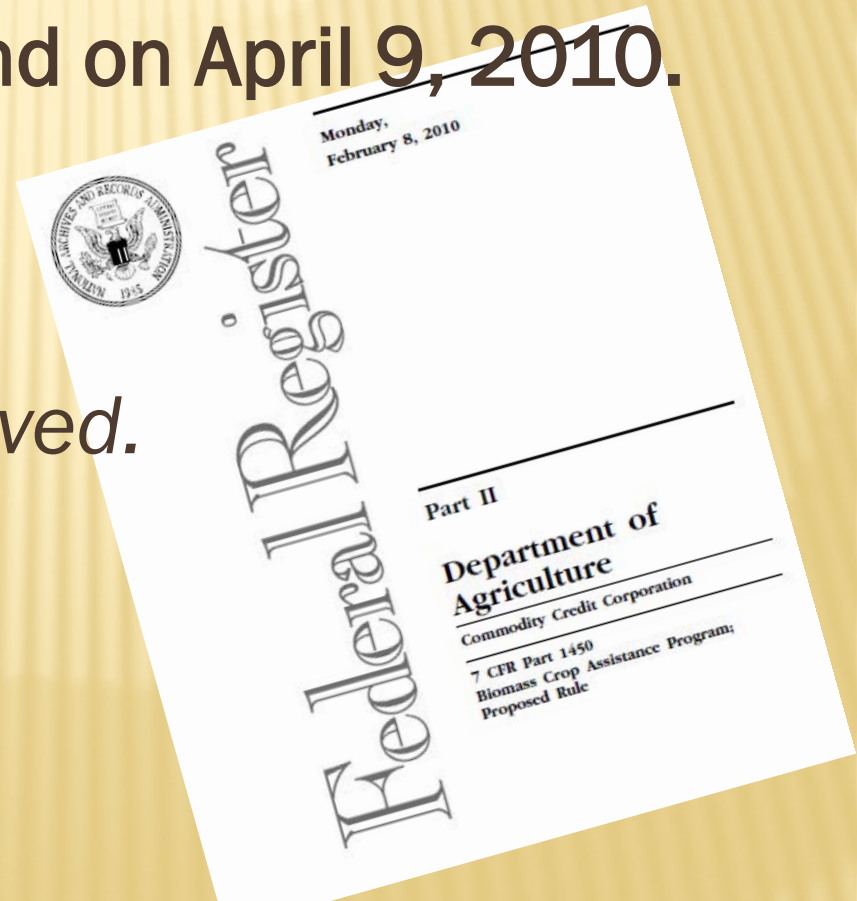
During that short time:

- ❖ FSA approved 4,605 agreements for delivery of nearly 4.18 million tons of biomass
- ❖ Paid eligible biomass owners \$165 million in matching payments

# BCAP HISTORY ... continued

New proposed rules were issued in the Federal Register on February 8, 2010, with the comment period set to end on April 9, 2010.

*To this date, over 23,000 comments have been received.*





# PROPOSED RULES

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The new proposed rules include the some of the same objectives as the original NOFA and take into account many of the 47 comments received in response to the NOFA.

# PROPOSED RULES ... continued

## BCAP Objective #1:

Support the establishment and production of eligible crops for conversion to bioenergy in selected project areas.

Only producers in a designated project area would be eligible for payment.





# PROPOSED RULES ... continued

Project areas would be proposed by project sponsors, which could be groups of producers or biomass conversion facilities. Project area submission requirements are located in the proposed rules at **§ 1450.201**



# PROPOSED RULES ... continued

In selecting project areas, Commodity Credit Corporation (CCC) will consider:

- (a) The dry tons of the eligible crops proposed to be produced in the proposed project area and the probability that such crops will be used for BCAP purposes;
- (b) The dry tons of renewable biomass projected to be available from sources other than the eligible crops grown on contract acres;
- (c) The anticipated economic impact in the proposed project area;



# PROPOSED RULES ... continued

In selecting project areas continued...

CCC will consider:

- (d) The opportunity for producers and local investors to participate in the ownership of the biomass conversion facility in the proposed project area;
- (e) The participation rate by beginning or socially disadvantaged farmers or ranchers;
- (f) The impact on soil, water, and related resources;
- (g) Any other additional criteria, as determined by CCC.

# PROPOSED RULES ... continued

Under the proposed rules, within the project area, cost share payments would be made to establish crops for bioenergy production

CCC will pay not more than 75 percent of the actual or average cost of establishing non-woody perennial crops and woody perennial crops specified in the BCAP conservation or forestry plan.



# PROPOSED RULES ... continued

Annual Payments to those producers who established crops for bioenergy production are proposed to be made based on the regulations and as determined by CCC

Those annual payments include a payment based on:

- A weighted average soil rental rate for cropland;
- The applicable marginal pastureland rental rate for all other land except for non-industrial private forest land; and
- For forest land, the average county rental rate for cropland as adjusted for forestland productivity for non-industrial private forest land.

# PROPOSED RULES ... continued

## BCAP Objective # 2:

Assist agricultural and forest landowners and operators with matching payments to support the collection, harvest, storage, and transportation costs of eligible material for use in a biomass conversion facility.



# PROPOSED RULES ... continued

Under this Matching Payment rule are three options that CCC will be reviewing after the comment period.

# PROPOSED RULES ... continued

## Option 1:

- Payments are proposed to be made at a rate of \$1 for each \$1 per ton received from a qualified biomass conversion facility (BCF) for the commercial sale of eligible materials used to produce anything other than cellulosic ethanol (heat, power, or biobased products) in an amount up to \$16 per ton.
- Payments in an amount up to \$45 per ton will be made at a rate of \$1 for each \$1 per ton received from a BCF for the commercial sale of materials used to produce cellulosic ethanol



# PROPOSED RULES ... continued

## Option 2:

Payments would be made at a rate of \$1 for each \$1 per ton received from a BCF for the commercial sale of eligible material in an amount up to \$45 per ton.

For those BCFs converting vegetative waste materials, such as wood waste and wood residues, to heat or power the facility, no payments may be made for material unless the material is converted to heat or power above that facility's historical baseline from renewable biomass as established by the Deputy Administrator.

# PROPOSED RULES ... continued

## Option 3

Payments would be paid at a rate of \$1 for each \$1 per ton received from a BCF for the commercial sale of eligible material in an amount up to \$45 per ton:

- (1) To facilities that fully convert from fossil fuel consumption to renewable biomass feedstock;
- (2) For eligible material showing exceptional promise for producing innovative advanced biofuels, renewable energy, or biobased products; or
- (3) For every ton of renewable biomass consumption above a facility's established historical baseline.



# PROPOSED RULES ... continued

third option continued..

Payments would be made at a rate of \$1 for each \$1 per ton received from a BCF for the commercial sale of eligible material in an amount up to \$16 per ton for those facilities that do not increase renewable biomass consumption over a historical baseline.

# BCAP PAYMENTS

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The 10 year budget estimate for BCAP is \$1.5 Billion



# BCAP SUMMARY

- ❖ BCAP encourages producers on agricultural and forest land to produce biomass for the purpose of conversion to bioenergy
  - ❖ by making matching payments for collection, harvest, storage, and transportation.
  - ❖ By paying up to 75% cost share and makes annual payments for establishing non-woody and woody perennial biomass crops for bioenergy
- ❖ BCAP estimated total payments: \$1.5 billion
- ❖ The last day to comment on the proposed rules is April 9, 2010

# BCAP SUMMARY

- ❖ Benefits of the program include:
  - Reduction of the use of fossil fuels and a more carbon neutral energy source,
  - Creation of jobs in rural America, and
  - Development of the infrastructure to support renewable energy.
- ❖ BCAP has the potential to have a significant impact on Hawaii agriculture and on Hawaii's dependence on outside sources for its energy



# BCAP CONCLUSION

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The proposed BCAP rules contain considerable details which I did not cover in this brief overview.

I want to remind everyone that the final rule may be different from the proposed rule when it is published later this summer

I encourage anyone who is interested in BCAP to view the proposed rules at:

# WWW.FSA.USDA.GOV

Microsoft Internet Explorer browser window showing the FSA Home page. The address bar displays <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=landing&topic=landing>.

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- Laws and Regulations
- Outreach and Education
- Price Support
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**Information on BCAP Program** 2/5

**BIOMASS CROP ASSISTANCE PROGRAM**

The Biomass Crop Assistance Program (BCAP) provides financial assistance to producers or entities that deliver eligible biomass material to designated biomass conversion facilities for use as heat, power, biobased products or biofuels.

**In the News**

- USDA Announces IT Modernization of Farm Service Agency to Improve Delivery of Service to Producers Throughout the Country (Mar 29, 2010) *(En Español)*
- USDA Schedules First Meeting of Dairy Industry Advisory Committee for April 13-15 (Mar 26, 2010) *(En Español)*
- Cold Storage Facilities Now Eligible for USDA Facility Loan Program (Mar 17, 2010) *(En Español)*
- USDA to Propose Expanding Poultry Loan Guidance to Include Pork Operations (Mar 11, 2010) *(En Español)*
- USDA to Issue Partial 2009-Crop Counter-Cyclical Payments for Upland Cotton and Peanuts; No Final 2008-Crop Counter-Cyclical Payments for Rice (Mar 05, 2010) *(En Español)*
- USDA Announces Commodity Credit Corporation Lending Rates for March 2010 (Mar 01, 2010)
- USDA Signs MOU with Pheasants Forever To Enhance Conservation Efforts (Feb 27, 2010)
- USDA Announces Additional 300,000 Acres for Wildlife Habitat Expansion and Intent to Conduct General

**I Want To...**

- View FSA Information related to American Recovery and Reinvestment Act
- Find FSA Fact Sheets
- View Farm Bill Information
- View Daily LDP Rates and PCP Data
- Find Commodity Credit Corporation Information
- Access the Human Resources Website
- View Civil Rights Information
- Find Government Grants and Loans for Individuals

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**Events and Scheduled Reports**

March 2010

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14	15	16	17	18	19	20
21	22	23	24	25	26	27



# QUESTIONS?

*“Providing incentives for energy-efficiency and clean energy are the right thing to*

*do for our future*

*– because the nation that leads the clean energy*

*Economy will be the*

*nation that leads the global economy. And America must be that nation.”* **President Obama**



*“USDA is working to expand energy opportunities by producing alternative forms of energy and fuel, and to ensure that we are doing the research necessary to allow agriculture to transition away from its rather significant dependence on fossil fuels.”*

**Tom Vilsack**  
**Secretary of Agriculture**



**Presenter: Steve Peterson - Hawaii and the Pacific Basin FSA**

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